

Message Text

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ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 SCI-06 SCEM-02 SAJ-01 MC-02

ACDA-19 CIAE-00 INR-10 L-03 NSAE-00 NSC-10 RSC-01

GAC-01 RSR-01 PM-09 SS-15 (ADP) W

----- 111873

R 041920 Z APR 73
FM AMEMBASSY BONN
TO SECSTATE WASHDC 4288
INFO AMEMBASSY PARIS
AEC GERMANTOM MD
AMEMBASSY LONDON
AMEMBASSY THE HAGUE
AMEMBASSY MOSCOW
USMISSION IAEA VIENNA
USMISSION EC BRUSSELS

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E. O. 11652: N/A

TAGS: TECH, GW, FR, UR, EEC

SUBJECT: URANIUM ENRICHMENT AND SUPPLY - CURRENT FRG

IEWS

REF: A. EC BRUSSELS 1815 (NOTAL); B. STATE 59225 (NOTAL)
C. EC BRUSSELS 1782; D. STATE 44828 (NOTAL)

1. SUMMARY: FRG OFFICIALS SURPRISED BY FRENCH OFFER
TO SUPPLY URANIUM ENRICHMENT SERVICES AND ARE AWAITING
FURTHER CLARIFICATION AND EURATOM REACTION. FRG
PLEASED BY US RESPONSES TO NUKEM REQUEST FOR 3000 TONS
SEPARATIVE WORK AND BY RECEPTION ACCORDED THEIR OFFICIAL
DELEGATION TO DISCUSS NEW US TERMS AND CONDITIONS.
RESULTS GERMAN CONTACTS WITH USSR CONSISTENT WITH REF C
REPORT, ALTHOUGH FRG PLANS PROVIDE USG WITH FORMAL
BRIEFING. END SUMMARY

2. EMBASSY SCIENTIFIC ATTACHE MET SEPARATELY WITH
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SEVERAL SENIOR OFFICERS OF FRG FOREIGN OFFICE AND TECHNOLOGY MINISTRY FOR REVIEW OF RECENT DEVELOPMENTS IN URANIUM ENRICHMENT AND SUPPLY PICTURE. ALL AGREED SITUATION IS COMPLEX AND RAPIDLY CHANGING.

3. FRENCH OFFER OF ENRICHED URANIUM THROUGH EURATOM SUPPLY AGENCY TO FRG (REF A) OBVIOUSLY SURPRISED ALL RESPONSIBLE GERMAN OFFICIALS. ONE REMARKED IT WAS " IRONIC" THAT FRENCH WERE ACTING UNDER CHAPTER SIX OF EURATOM TREATY. THEY HAD EARLIER CLAIMED THIS CHAPTER WAS NO LONGER VALID WHILE NEGOTIATING INDEPENDENTLY WITH THE USSR FOR URANIUM ENRICHMENT SERVICES. FRENCH DID NOT RPT NOT STATE PRICE ON THEIR OFFER TO FRG, ACCORDING TO ONE CONTACT WHO SAW DOCUMENT, BUT REFERRED SIMPLY TO " FIRM" PRICE ARRANGEMENTS.

4. FRG FONOFF REP NOTED THAT GERMANY NEEDS PRIOR CONSENT OF COMMISSION TO CONCLUDE AGREEMENT FOR ENRICHMENT SERVICES (ARTICLE 73) AND THAT EURATOM SUPPLY AGENCY HAS EXCLUSIVE RIGHT TO CONCLUDE AGREEMENTS (ARTICLE 64, ALTHOUGH THIS LATTER RIGHT USUALLY DELEGATED). HE DID NOT RPT NOT FORSEE A PROBLEM BUT DID HOWEVER, REMARK THAT IT WOULD OBVIOUSLY CREATE SERIOUS DIFFICULTIES FOR THE FRG IF THE COMMISSION WERE TO REFUSE CONSENT FOR THE CONTRACT BETWEEN NUKEM AND THE USAEC IN VIEW OF THE FRENCH OFFER (REF B, STATE 059225).

5. FRG REPS PREFERRED NOT RPT NOT SPECULATE ABOUT FRENCH MOTIVES. SCIATT CALLED ATTENTION TO ALLEGATIONS IN GERMAN NEWSPAPERS THAT FRENCH, UNABLE TO SUPPLY 3000 TONS SEPARATIVE WORK IN 1980-82 PERIOD, WERE ATTEMPTING PULL FRG INTO THEIR GASEOUS DIFFUSION PROJECT. CONSENSUS FRG RESPONSES TO THIS STIMULUS MAKES IT CLEAR THAT GERMAN GOVERNMENT DOES NOT RPT NOT NOW PLAN TO PARTICIPATE IN EUROPEAN GASEOUS DIFFUSION PLANT USING FRENCH TECHNOLOGY. EURODIF STUDY HAS BEEN COMPLETED. ONE FONOFF REP ASSERTED FIRMLY THAT GOVERNMENT FUNDS WILL NOT RPT NOT BE USED TO FINANCE CONTINUED GERMAN PARTICIPATION IN NEXT PHASE OF THIS STUDY. A SENIOR TECHMIN OFFICIAL WAS NOT RPT NOT SO CERTAIN, HOWEVER. HE BELIEVED FRG MIGHT CHOOSE TO EXPEND SOME GOVERNMENT FUNDS IN SECOND PHASE OF EURODIF STUDY SIMPLY TO GET

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ENOUGH ACCURATE ECONOMIC DATA TO PROVE THAT
CENTRIFUGE TECHNOLOGY IS SUPERIOR TO THE DIFFUSION
PROCESS UNDER EUROPEAN CONDITIONS.

6. IN THIS SAME CONTEXT, FONOFF REP EXPLICITLY ASKED
SCIATT TO ASSURE USG THAT FRG DOES NOT RPT NOT FAVOR
DEVELOPMENT OF URANIUM ENRICHMENT CAPACITY ADEQUATE TO
MAKE EUROPEAN COMMUNITY SELF- SUFFICIENT. HE NOTED
THAT THERE ARE ENOUGH SOURCES OF ECONOMIC FRICTION
BETWEEN US AND EC AND REITERATED THAT FRG POLICY WOULD
NEVER FAVOR EXPANSION EUROPEAN URANIUM ENRICHMENT
CAPACITY TO POINT WHERE US WOULD BE EXCLUDED FROM
EUROPEAN MARKET FOR URANIUM ENRICHMENT SERVICES.

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7. FRG ASSUMES OBOUSSIER HAS REPORTED FULLY ON CONTACTS
BETWEEN USSR, GERMAN INDUSTRIAL REPRESENTATIVES AND

EURATOM SUPPLY AGENCY. WHEN DETAILED REPORT RECEIVED FROM RWE AND NUKEM REPS, FRG PLANS INSTRUCT THEIR SCIENCE COUNSELOR IN WASHINGTON TO PROVIDE FORMAL BRIEFING TO USG. PRELIMINARY REPORTS RECEIVED BY FONOFF AND TECHMIN ARE CONSISTENT WITH OBOUSSIER'S REPORT (SEE REF C). FRG BELIEVES USSR IS SERIOUSLY INTERESTED IN SUPPLYING URANIUM ENRICHMENT SERVICES, INCLUDING LONG- TERM ARRANGEMENTS, BUT GERMANS LIMITED THEIR DISCUSSION WITH SOVIETS TO " TEST- CASE" DELIVERY TO RWE.

8. FRG DELEGATION WHICH VISITED WASHINGTON MARCH 26 TO DISCUSS NEW US TERMS AND CONDITIONS WAS PLEASED WITH THEIR RECEPTION BY DEPARTMENT, USAEC AND JCAE. DISCUSSIONS OBVIOUSLY CLARIFIED US PLANS AND INTENTIONS, PARTICULARLY WITH RESPECT TO " PROJECT BINDING" ASPECTS
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MENTIONED IN FRG AIDE MEMOIRE (REF D, STATE 044828). CONSENSUS GERMAN REMARKS, HOWEVER, SUGGESTS FRG WAITING FOR OBOUSSIER'S REPORT AND FOR WRITTEN VERSION ANY AMENDMENTS BEFORE OFFERING FURTHER COMMENTS TO USG OFFICIALS.

9. FRG OFFICIALS WERE ALSO PLEASED WITH USAEC STAFF RESPONSE TO NUKEM REQUEST FOR URANIUM ENRICHMENT SERVICES FROM US (REF B). FRENCH OFFER HAS ACTIVATED EURATOM PROCEDURE NEVER USED BEFORE. FRG AT PRESENT UNABLE PREDICT HOW US AND FRENCH OFFERS WILL BE COMPARED AND EVALUATED.
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